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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

At Richmond, AUGUST 24, 1999

APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUE990245

Application to Extend Customer
Choice

ORDER GRANTING APPLICATION

On March 31, 1999, Columbia Gas of Virginia ("Columbia" or "Company") filed an application to extend the end date for its pilot program entitled "Customer CHOICE" from October 1, 1999, either to the date the Commission approves the Customer CHOICE program on a permanent basis or to October 1, 2000, whichever is earlier.

By Order issued May 7, 1999, the Commission docketed this matter, provided an opportunity for interested persons to comment on the application, and directed Commission Staff to file a report addressing any comments received and making recommendations concerning Columbia's application. The Commission also provided an opportunity for interested persons to file, on or before August 11, 1999, comments on the Staff report. The Commission stated that Columbia proposes to continue the pilot under the same terms and conditions, in the same area, as previously approved by the Commission in Case No. PUE970455; and that the only change in the pilot was in name (from "Commonwealth Choice" to Customer CHOICE").

No comments were received on the application.

On July 26, 1999, Staff filed its Report in this matter. In its Report, Staff noted that Columbia's voluntary pilot program offers residential, commercial, and industrial customers in the Gainesville area an opportunity to purchase gas from independent marketers. Initially, Columbia's pilot program was approved for a two-year period, to commence October 1, 1997,

and to terminate on October 1, 1999. Staff recommended that the Commission grant the Company's request to continue the Customer CHOICE program for another year. Staff stated that the data received from Columbia's biannual reports show that participants in the program have saved money over the past eighteen months, even though the past two winters have been mild and a significant portion of the savings represents avoided taxes.

Staff noted that, pursuant to prior Commission directives, the Company will be subjected to the generic code of conduct that will be adopted in an ongoing proceeding (in Case No. PUE980812). Staff observed that until the final order adopting a generic code of conduct is issued, the Company should be required to continue to adhere to the code of conduct set forth in its present terms and conditions. Further, according to Staff, when the generic code of conduct is finalized, Columbia should file tariff revisions reflecting the changes made to its current code to conform to the generic code and should notify all participating customers and suppliers of any such modifications of its tariff.

Staff further observed that the Commission Order originally approving the pilot program required the Company to collect daily load samples. Staff stated that while this data was to be collected and used to gather information about customer gas consumption in comparison to load profiles used by marketers, the Company has not provided a balancing study to Staff. Staff recommended that Columbia be directed to complete its data collection and present its balancing study to Staff prior to its requesting any further expansion of the pilot program. Staff proposed that, if the Company does not request a further expansion of the pilot, it should be required to complete and file its balancing study at the time the pilot program is terminated.

On August 9, 1999, Columbia filed comments on the Staff Report. In its comments, the Company did not oppose any of Staff's suggestions and recommendations, although it sought a modification of Staff's recommendation that the Company be required to provide a balancing study. The Company stated that it is preparing an "Interim Balancing Study," based on data accumulated through May, 1999, to be submitted to Staff by the end of August, 1999. The Company reported that it plans to continue to collect, analyze, and compare data concerning load

profiles and would submit a "Final Balancing Study" following the completion of the pilot.

Columbia states that, in view of its commitment to continue its analysis through the pilot phase, it should not be precluded from filing an application to expand the Customer CHOICE Program.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that Columbia's request to continue its Customer CHOICE program, given its commitment to incorporate Staff's recommendations, is reasonable and should be granted. We therefore will grant Columbia's application, on the condition that the Company fulfill its commitment to file an Interim Balancing Study by the end of August, 1999, and a Final Balancing Study at the termination of the Customer CHOICE program. The Interim Balancing Study will enable Staff to continue its analysis of the pilot until the ongoing pilot program ends, at which time Columbia shall submit a Final Balancing Study to Staff. Accordingly,

IT IS ORDERED THAT:

(1) Columbia's application to continue its Customer CHOICE program until October 1, 2000, is hereby granted, subject to the filing requirements set out above.

(2) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings.